

Examples:

A single, credentialed classroom teacher earning \$35,000 per year and teaching for five years, with standard deduction:

Taxable teacher salary or wages	\$ 35,000
Adjusted gross income	35,000
Standard deduction	-2,811
Taxable income	32,189
Total tax	1,212
<i>Teacher Retention Credit</i> ¹	
Lesser of \$250 or:	
0.5 (35,000/35,000 x 1,212) = \$606	250

A married, credentialed classroom teacher earning \$35,000 per year, teaching for seven years, with non-teaching income of \$50,000:

Taxable teacher salary or wages	\$ 35,000
Other community income	50,000
Adjusted gross income	85,000
Standard deduction	-5,622
Taxable income	79,378
Total tax	3,725
<i>Teacher Retention Credit</i> ¹	
Lesser of \$500 or:	
0.5 (35,000/85,000 x 3,725) = \$767	500

A married couple who are both credentialed classroom teachers, one teaching for 22 years, the other teaching for five years, having an additional \$25,000 income from other sources:

Husband's taxable teacher salary or wages	\$ 48,000
Wife's taxable teacher salary or wages	32,000
Other community income	25,000
Adjusted gross income	105,000
Standard deduction	-5,622
Taxable income	99,378
Total tax	5,585
<i>Husband's Teacher Retention Credit</i> ¹	
Lesser of \$1,500 or:	
0.5 (48,000/105,000 x 5,585) = \$1,277	1,277
<i>Wife's Teacher Retention Credit</i> ¹	
Lesser of \$250 or:	
0.5 (32,000/105,000 x 5,585) = \$851	250
<i>Total Teacher Retention Credit</i>	\$ 1,527

¹ The lesser of credit based on years of service or one-half of classroom salary divided by adjusted gross income (cannot exceed 1.0) times tax before credits. Please see form and instructions for details.

Related Forms and Publications

Teacher Retention Credit: Frequently Asked Questions (form FTB 801A): Answers to questions teachers and others have asked about the teachers retention credit.

Teacher Retention Credit (form 3505): This is the form and instructions for claiming the tax credit on your state income tax return.

Where Do I Get More Information?

Internet

You can get the Teacher Retention Credit forms and other information about your state income tax from our Website: www.ftb.ca.gov.

Telephone

Telephone assistance is available from 7 a.m. until 8 p.m. Monday through Friday and from 7 a.m. until 4 p.m. on Saturdays. From the first working day in January through the due date for filing a return (generally April 15), service is available from 6 a.m. until midnight Monday through Friday, and from 7 a.m. until 4 p.m. on Saturdays and holidays.

From within the U.S.	(800) 852-5711
From outside the U.S.	(916) 845-6500
(not toll-free)	

Assistance for persons with disabilities:

We comply with the Americans with Disabilities Act. Persons with hearing or speech impairments may call, from voice phone, (800) 735-2922, or from TTY/TDD, (800) 822-6268.

Mail

You can order the Teacher Retention Credit and Instructions, Form 3505, by mail:

TAX FORMS REQUEST UNIT
FRANCHISE TAX BOARD
PO BOX 307
RANCHO CORDOVA CA 95741-0307

Note: The 2000 tax forms will be available by January 2, 2001.

FTB 801(NEW 11-2000)

Teacher Retention Credit



KeeP doing what you do best – teaching – and earn yearly tax credits up to \$1,500. California appreciates and recognizes the contributions you as teachers make to help sustain the state's bright future.

The Governor and the Legislature authorized a tax credit as an incentive to encourage you to remain in the profession. They also intended this tax credit to partially compensate you for your unreimbursed expenses for classroom materials and supplies.

The children you are teaching today will provide the infrastructure of our tomorrow. The success of the state – and indeed the country – depends on our ability to keep you, the best and the brightest, in the classroom.

This tax credit, effective with year 2000 tax returns, allows credentialed kindergarten through 12th grade teachers a state income tax credit of up to \$1,500. It's based on your years of service as a credentialed teacher and is limited to 50% of the tax imposed on your earnings from teaching.



How Much is the Credit?

<i>If you've taught for:</i>	<i>Your credit is up to:</i>
At least 4 but less than 6 years	\$ 250
At least 6 but less than 11 years	\$ 500
At least 11 but less than 20 years	\$1,000
20 years or more	\$1,500

Note: The credit cannot exceed 50% of the tax on your wages and salaries for teaching.

How Do I Qualify?

For at least four years you must have:

- Held a preliminary or professional teaching credential. Credentialed classroom teaching in other states counts toward determining the credit.
- Been a classroom teacher in any California public or private kindergarten through 12th grade school (including those on Indian reservations or military installations located in California).

For the taxable year in which you are claiming the credit, you must have received wages or salary for services as a credentialed teacher.

Wages and salary for duties other than teaching do not qualify for this credit.

How Do I Apply?

When preparing your California income tax return, complete California Form 3505, Teacher Retention Credit. Just follow the step-by-step instructions provided with the form to determine how much you will save on your state income tax.

See the back panel of this brochure for information on how and where you can order the Teacher Retention Credit form. The 2000 forms will be available by January 2, 2001.

You can claim the credit on line 28 or 29 on your California Form 540 or on line 37 or 38 on your 540NR. You cannot claim the credit on Forms 540A or 540 2EZ. Use this non-refundable credit to reduce your tax liability.